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IN THE
Supreme Court of the United States

OCTOBER TERM, 1938

Nos. 2 and 56

KELLOGG COMPANY,

Petitioner,

AGAINST

NATIONAL BISCUIT COMPANY,

Respondent.

**RESPONDENT'S MOTION FOR REHEARING AND
MOTION FOR STAY OF MANDATE**

DAVID A. REED,
Solicitor for Respondent.

CHARLES A. VILAS,
THOMAS G. HAIGHT,
DEURY W. COOPER,
Of Counsel.

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**RESPONDENT'S MOTION FOR REHEARING AND
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The respondent National Biscuit Company respectfully moves this Court for a rehearing of the above entitled cause in which an opinion was rendered November 14th, 1938, reversing the judgment of the Circuit Court of Appeals for the Third Circuit and directing the dismissal of the bill of complaint; and for a stay of the mandate of this Court pending the disposition of this motion for rehearing.

I.

It is respectfully submitted that the decision in this case extends and broadens the doctrine enunciated by this Court in *Singer v. June*, 163 U. S. 169, to an extent which conflicts with other decisions of this Court. The opinion of the Court states:

"But the name and form are integral parts of the good will of the article. To share fully in the good will, it must use the name and the pillow-

shape. And in the good will Kellogg Company is as free to share as the plaintiff. Compare *William R. Warner & Co. v. Eli Lilly & Co.*, 265 U. S. 526, 528, 530."

* * * * *

"Kellogg Company is undoubtedly sharing in the good will of the article known as 'Shredded Wheat'; and thus is sharing in a market which was created by the skill and judgment of plaintiff's predecessor and has been widely extended by vast expenditures in advertising persistently made. But that is not unfair. Sharing in the good will of an article unprotected by patent or trade-mark is the exercise of a right possessed by all—and in the free exercise of which the consuming public is deeply interested."

This doctrine must necessarily result in profound economic consequences. The effect of it is to make the owner of an expired patent an outcast in the eyes of the law. For no matter how long and uninterrupted his use of the name applied to the product while it was patented, no matter how great the expenditure of money in acquiring good will nor how successful, that good will lies ready for appropriation by any comer at any time. Even though as much as a century of uninterrupted use of the name has created unprecedented good will, the owner of it is without the protection of the law because for a small fraction of time he enjoyed a monopoly in the production of the article.

While in *Singer v. Jupe* (163 U. S. 169) this Court held that a patent owner, upon the expiration of the patent, impliedly dedicated to the public the right to use the name by which the patented article had been called during the life of the patent, "if essentially necessary" to describe the product, yet it clearly recognized that the good will which the patent owner had built up belonged to him. Thus.

in the opinion (written by Mr. Justice WHITE) at 163 U. S., page 187, the Court said:

"To say that a person who has manufactured machines under a patented monopoly can acquire no good will, by the excellence of his work, or the development of his business, during the patent, would be to seriously ignore rights of private property, and would be against public policy, since it would deprive the one enjoying the patent of all incentive to make a machine of good quality, because at its termination all the reputation or good will resulting from meritorious work would be subject to appropriation by every one."

The decisions of this Court since that time have uniformly recognized the right of each trader to be protected in his good will, even though he had at some prior time sold under the protection of a patent. See *Elgin National Watch Co. v. Illinois Watch Case Company*, 179 U. S. 674; 675; *Herring-Hall-Marvin Safe Co. v. Hall's Safe Co.*, 208 U. S. 554, 558, 556; *Merriam Co. v. Syndicate Publishing Co.*, 237 U. S. 618, 623.

The uniform decisions of this Court have been that the owner of a patent, who through his skill in manufacture, expenditure in advertising and faithful service to the public, has built up a good will, does not upon the expiration of a patent yield all of this to the public as well as the invention of the patent. Moreover, in the instant case, during the seventeen years following the expiration of the basic Perky patents in 1912, the sales of the respondent's predecessor were increased almost three-fold. This tremendous good will, the indisputable resultant of the skill, judgment, advertising and faithful public service of respondent's predecessor after the patent's expiration, should not in good conscience be dedicated to the public merely

because there was a preceding seventeen years period, during which sales were made under patent protection.

We appreciate that the Court refers to the good will of the *article* and not the good will of respondent. But the evidence indubitably shows that the two are inseparably connected. The article would have had no good will except for its healthful and excellent quality resulting from the care exercised by respondent and its predecessor in producing the article. Moreover, a great part of the good will of the article is the result of extensive advertising on the part of respondent and its predecessor, while petitioner and all others who might wish to compete sat by and allowed the good will to be created. It is believed that in this day, when the courts are continually called upon to prevent unfair competition, both bold and subtle, and when the law as recently stated by this Court has been expanded to cover not only misrepresentation but the "misappropriation of what equitably belongs to a competitor" (*Schechter Poultry Corp. v. United States*, 295 U. S. 495, at p. 532), the beforestated doctrine announced by this Court in the case at bar should be reconsidered, especially in the light of the previous cited decisions of this Court.

In its opinion (p. 5) the Court said:

"Kellogg Company's right was not one dependent upon diligent exercise. Like every other member of the public, it was, and remained, free to make shredded wheat when it chose to do so; and to call the product by its generic name."

In previous cases this Court has recognized that acquiescence through lapse of time in the use of a trade mark or trade name may estop even a prior user from adopting or extending the use of a mark. See, for example, *Hanover Star Milling Co. v. Metcalf*, 240 U. S. 403; *United Drug Co. v. Rectanus Co.*, 248 U. S. 90, and *Jacobs v. Iodent Chemical Co.*, 41 Fed. (2d) 637 (C. C. A. 3rd).

We submit that there is no difference in principle between depriving the owner of a trade mark, because of non-user, of his otherwise *exclusive* right to use it, and in preventing another, who at ~~one~~ time had a *non-exclusive* right to use a trade mark, from subsequently using it, merely because for a long period of time he and everyone else has neglected to use it. Especially is this true when the use will result in confusion and enable him to appropriate some of the good will of a competitor who has continually used the mark. It must be remembered that the dedication which this Court held in *Singer v. June* was made, at the expiration of the patent, of the name by which the patented article had been known, was not based upon any provision of the patent statutes, but upon the Court's idea of what was necessary to enable the public to enjoy fully the invention of the patent. An equity was thus raised in favor of the public, but this equity certainly can be destroyed by a paramount counter-equity. A court of equity always balances equities. A trade-mark is lost by non-user in favor of one who has used it, because of the latter's superior equity. In respect to this it makes no difference whether respondent's claim be considered as based upon petitioner's delay or respondent's prior user since 1912.

The Court in its opinion refers to *William R. Warner & Co. v. Eli Lilly & Co.*, 265 U. S. 526, as a precedent for the proposition that the petitioner is free to share in the respondent's good will, but the *Warner* case, as we pointed out in our brief, was a clear case of unfair competition in which injunction was granted. Therein this Court said, at page 532:

"But respondent being entitled to relief, is entitled to effective relief; and any doubt in respect of the extent thereof must be resolved in its favor as the innocent producer and against the petitioner, which has shown by its conduct that it is not to be trusted."

In the case at bar any doubt as to effective relief has been resolved *against* 'the innocent producer.' This Court's opinion has given petitioner a right that enables him (claiming to be for years the *largest producer* of cereal foods) to sit idly by while the good will for an article has been built up and its connection, through name and form, has become inseparably connected with respondent as a producer, and then to step in and reap where it has not sown.

The Court states that the name "Shredded Wheat" "is the generic name of the article" and "since the term is generic, the original maker of the product acquired no exclusive right to use it." (Opinion, p. 3.) If the Court used the word "generic" in the sense of descriptive, we point out that in our brief (p. 40) we endeavor to demonstrate that the words "Shredded Wheat" are not descriptive in the sense that they may not constitute a valid trade mark. To ascertain whether they are descriptive we submit that one must go back to 1893 when they were first used by Perky. Is it possible to believe that at *that time* the name would have meant to anyone, filaments of whole wheat berries which had been boiled and passed through rollers so as to assume the form of long filaments or strings? If, on the other hand, the Court meant that the words were truly generic, it is only because they have been made so by respondent's and its predecessor's use of them for over 45 years, nearly two-thirds of which has occurred since the expiration of the patent. The Court holds in effect that the more extensive the use of a trade name the less chance there is that the proprietor of the name may be able to protect it against appropriation by others.

Perky was quite able without using the word "shredded" in his first patents to describe the machines of his invention and the product of the patent in total compliance with the patent statute requiring a description so full, clear and concise that the public on the patent's expiration might

enjoy the invention's use. Respondent's competitors, and for a time the Kellogg Company itself, found no necessity to appropriate the phrase. Kellogg's subsequent conduct was not in the slightest conceivable measure necessitous. Part of the time it falsely held its product out as the original. Part of the time it used respondent's two biscuit trade mark. Part of the time it copied the respondent's form. Part of the time it used respondent's now forty-five year old phrase, and sometimes used various combinations of all these. All of the time, and now for twenty-six years after the Perky patents expired, the respondent has used the phrase "Shredded Wheat" upon its product, and all of the time in the public's mind it has signified the respondent's Niagara Falls product. How and by what justice and under what equitable necessity did the Perky patents become free licenses to the Kellogg Company to do more than take what the patents gave? The patent owner does not, like Faust, sell his soul. He gets a limited seventeen year reward for the invention he gives. He is asked to give no more under the Patent Act. A court of equity should not award away more than this, save when compelling necessity requires it, in order that the public may enjoy the invention.

Paraphrasing the language of this Court in *Singer v. June*, 163 U. S. 169, 187, quoted above, we submit:

"To say that respondent and its predecessors who manufactured food products under a patent monopoly for 17 years can acquire no good will, by the excellence of their work, or the development of their business, during the patent, is to seriously ignore rights of private property, and is against public policy."

II.

The doctrine of *Singer v. June* relied upon by the Court's opinion in this case rests upon *necessity*. The Court in *Singer v. June* said at page 185:

"It equally follows from the cessation of the monopoly and the falling of the patented device into the domain of things public, that along with the public ownership of the device there must also *necessarily* pass to the public the generic designation of the thing which has arisen during the monopoly * * *"
(Italics ours.)

But it was demonstrated beyond dispute in this case that this *necessity* does not exist here. To apply the paragraph just quoted to the present case is to carry the decision of *Singer v. June* beyond its basis. The Court points out in that case that the reason for permitting the defendant to use the word "Singer" was that the name was "*essentially necessary to vest the public with a full enjoyment of the monopoly.*"

We have pointed out in our brief (p. 9) that other competitors, including petitioner for much of the time, have found it possible to enjoy the disclosures of the Perky patents without appropriating respondent's name and form. These facts are not disputed by the petitioner but apparently were overlooked by the Court. The Court has apparently wholly ignored the practices of other competitors and the lessons to be drawn therefrom. Similarly the Court has overlooked the evidence of widespread confusion among consumers (see Appendix C of respondent's brief).

This Court in subsequent cases has recognized that the doctrine of *Singer v. June* is one of necessity, only to be applied where inescapable need demands it to permit the public to enjoy the expired patents. Thus in *Holzappel's*

Co. v. Rahtjen's Co., 183 U. S. 1, 9-10. the Court pointed out that the only possible way to describe the patent expired product was "Rahtjen's Composition."

The question to be determined in a case of this character where the plaintiff is asserting a right to be protected in the good will which it has built up at great cost and over many years of faithful public service, and where the defendant is asserting a right to sell freely an unpatented product and describe it, is one which may involve some balancing of equity. Except for the statement of this Court in the instant case referred to above, it has been the endeavor of American courts to save to every man that good will which his skill and judgment produce. It has likewise been the endeavor of our courts to permit a trader to describe his goods. If these two endeavors come in conflict, the principal question to be determined is whether it is "essentially necessary" to deprive the plaintiff of any good will in order to permit the defendant to describe his product. This approach was taken by Mr. Justice HOLMES, then presiding in the Supreme Court of Massachusetts, in *American Waltham Watch Co. v. U. S. Watch Co.*, 173 Mass. 85, in which the Court said (p. 86):

"In cases of this sort, as in so many others, what ultimately is to be worked out is, a point or line between conflicting claims, each of which has meritorious grounds and would be extended further were it not for the other. *Boston Fryrule Co. v. Hills*, 159 Mass. 147, 149, 150. It is desirable that the plaintiff should not lose custom by reason of the public mistaking another manufacturer for it. It is desirable that the defendant should be free to manufacture watches at Waltham, and to tell the world that it does so. The two desiderata cannot both be had to their full extent, and we have to fix the boundaries as best we can. On the one hand, the

defendant must be allowed to accomplish its desideratum in some way, whatever the loss to the plaintiff. On the other, we think, the cases show that the defendant fairly may be required to avoid deceiving the public to the plaintiff's harm, so far as is practicable in a commercial sense. It is true that a man cannot appropriate a geographical name, but neither can he a color, or any part of the English language, or even a proper name to the exclusion of others whose names are like his. Yet a color in connection with a sufficiently complex combination of other things may be recognized as saying so circumstantially that the defendant's goods are the plaintiff's as to pass the injunction line. *New England Aul & Needle Co. v. Marlborough Aul & Needle Co.*, 168 Mass. 154, 156. So, although the plaintiff has no copyright on the dictionary or any part of it, he can exclude a defendant from a part of the free field of the English language, even from the mere use of generic words unqualified and unexplained, when they would mislead the plaintiff's customers to another shop. *Reddaway v. Banham* (1896) A. C. 199. So the name of a person may become so associated with his goods that one of the same name coming into the business later will not be allowed to use even his own name without distinguishing his wares. *Brinsmead v. Brinsmead*, 13 Times L. R. 3; *Reddaway v. Banham* (1896) A. C. 199, 210. See *Singer Manuf. Co. v. June Manuf. Co.*, 163 U. S. 169, 204; *Allegetti Chocolate Cream Co. v. Keller*, 85 Fed. Rep. 643. And so, we doubt not, may a geographical name acquire a similar association with a similar effect. *Montgomery v. Thompson* (1891) A. C. 217.

If the desire to protect the good will of the respondent be weighed against the desire to permit the petitioner to avail itself of the expired patents in this case, there can

be only one answer; the undisputed history of the Quaker Oats Company and the Loose Wiles Biscuit Company shows that they were and are able to avail themselves of the expired patents without taking unjustly the good will of the respondent by using either the words "Shredded Wheat" or the form of biscuit which has been associated with respondent and its predecessors. To the weight of this must be added the fact that petitioner has, for much of the period, used other words to designate its product.

III.

In its opinion herein this Court said:

"There is no basis here for applying the doctrine of secondary meaning. The evidence shows only that due to the long period in which the plaintiff or its predecessor was the only manufacturer of the product, many people have come to associate the product, and as a consequence the name by which the product is generally known, with the plaintiff's factory at Niagara Falls."

It is submitted that the showing of the evidence that "many people have come to associate * * * the name by which the product is generally known, with plaintiff's factory at Niagara Falls" is precisely what has heretofore been known as "secondary meaning." It shows that in the public mind "Shredded Wheat" meant "a single thing coming from a single source and well known to the community." (*Coca-Cola Co. v. Foke Co.*, 234 U. S. 143, 146, opinion written by Mr. Justice Holmes.) The evidence here shows what it did in *Shredded Wheat Co. v. Humphrey Cornell Co.*, 250 F. 960, which was summarized by Judge Learned Hand as follows (p. 963):

"The plaintiff has at least shown that the public has become accustomed to regard its familiar wheat

biscuit as emanating; if not from it by name, at least from a single, though anonymous, maker, and the second is as good for these purposes as the first."

The evidence in the *Humphrey-Cornell* case was taken in the year 1915. Prior to that time 9,962,529 cases of "Shredded Wheat" were sold. In the following 12 years 21,479,720 cases of "Shredded Wheat" were sold.* The secondary meaning which was clear in 1915, is even clearer today (see Appendix A, Respondent's Brief).

However, in its opinion herein, the Court required respondent not only to show as previously required by this Court in *Coca Cola v. Koke Co.*, 254 U. S. 143, 146, that the public knew the product as "a single thing coming from a single source, and well known to the community" but held:

"but to establish a trade name in the term 'shredded wheat' the plaintiff must show more than a subordinate meaning which applies to it. It must show that the *primary* significance of the term in the minds of the consuming public is not the product but the producer."

This is in sharp contrast to the decision of this Court in *Coca-Cola Co. v. Koke Co.*, 254 U. S. 143, 146, in which the Court (by Mr. Justice Holmes) said:

"It hardly would be too much to say that the drink characterizes the name as much as the name the drink. In other words Coca-Cola probably means to most persons the plaintiff's familiar product to be had everywhere rather than a compound of particular substances. Although the fact did not appear in *United States v. Coca-Cola Co.*, 241 U. S. 265, 289, we see no reason to doubt that, as

*R. Vol. IV, p. 51.

we have said, it has acquired a secondary meaning in which perhaps the product is more emphasized than the producer but to which the producer is entitled."

Our attention has just been called to the decision of this Court rendered December 5th, 1938, in the case of *Nu-Enamel Corporation v. Armstrong Paint and Varnish Co.*, in which this Court held that the word "Nu-Enamel" was descriptive of the product of the plaintiff but had acquired a secondary meaning. In that case, as in this case, the mark in question had been registered under the 1920 Trade Mark Act. Secondary significance, we believe, has been established in this case as conclusively as in the *Nu-Enamel* case. It seems impossible to us to reconcile the decision in the *Nu-Enamel* case and that in the case at bar on this point unless the Court in the latter has had regard to form rather than substance.

The decision of this Court in the instant case that secondary meaning is not shown where the plaintiff proves that the public identifies his product under its trade name, as a single thing coming from a single source is a marked departure from previous decisions of this Court and other federal courts and will necessarily affect adversely the heretofore established good will of many traders. The burden of proving that the producer and not the product is the primary significance of the term in the minds of the consuming public is a heavy one. Hungry folk think of wholesome food, not of manufacturing concerns.*

*"Thirsty folk want beer, not explanations." *Stone Ale Case*, (*Montgomery v. Thompson*, 1891, A. C. 217, 8 RPC 361).

IV.

The opinion of the Court in this case overlooks the extension of the scope of the doctrine of unfair competition in recent years by this and other Courts. This is an action in equity based on equitable principles. As previously stated, this Court has recently recognized that the doctrine of unfair competition applies not merely to misrepresentation but to "misappropriation of what equitably belongs to a competitor" (*Schechter Poultry Corp. v. United States*, 295 U. S. 495 at p. 532). The opinion of the Court in this case recognizes that the petitioner has appropriated and shared in the good will of the respondent but says that it has a perfect right to do so. We submit that this is contrary to the expressions of this Court in the *Schechter* case just referred to and in other cases cited in our brief. The idea has been well expressed by the Supreme Court of New York as recently as 1937 in *Philadelphia Storage Battery Co. v. Mindlin*, 163 Misc. 52, at page 56 as follows:

"The fear is sometimes expressed that the extension of protection may foster monopoly, not merely of language but of trade. The fear is groundless. He who coips a trade symbol adds rather than detracts from the language. Even when a term in a dictionary is used in an arbitrary manner, the language is not impoverished. The term may still be used in its accepted sense; what equity prevents is the appropriation of the new layers of meaning that have been added by the plaintiff. The rights of the first user can be sustained to the extent that they do not unduly handicap others in the honest conduct of their business. New competition and enterprise must not be throttled, but the late comer should be compelled to rely upon his own ingenuity, rather than misrepresentation and misappropriation for the creation of his market. This much at least

is demanded by the most elementary notions of honesty.' (Handler, Unfair Competition, 21 Iowa L. Rev. 175, 186.) Blatant imitation should not be recognized by the judicial condonation of practices which violate the fundamental precepts of fair business dealing."

A trade mark is not a monopoly in the sense in which that word has been used by the petitioner in this case. It is not a property right except in a somewhat limited sense. In its essence a trade mark is a responsibility. It vouches for the integrity of the goods to which it is attached. If the producer of the goods fails in maintaining the quality and integrity of trade marked goods, the mark itself loses its value. The Shredded Wheat Company and the respondent as its successor have for more than forty-five years maintained the integrity of the product to which the trade name "Shredded Wheat" has always been attached. Ever since the year 1912 the process of the Perky patents and the use of the machinery to make the product have been open to the public. No competitor except the petitioner has sought to share in the plaintiff's good will as the Court now says may be done. We believe that the Court overlooked that this is an equity case, appealing to the conscience of the chancellor. No possible equity can justify the petitioner in the conduct disclosed by the record, and the most elementary equitable considerations warrant some measure of protection for the respondent. To hold otherwise, as this Court does in this decision, is to discourage the very purpose for which the patent laws exist, namely, the encouragement of invention and enterprise by granting to an inventor the sole right to make and vend for a limited period the product of his brain upon condition that at the end of that limited period he dedicate it, and it alone to the public.

If a patentee is now to be deprived of the benefit of the good will which he has succeeded in attaching to his product, either during the life of the patent, or after its expiration, then he would be far better off never to take any patents (which must, as the *only statutory consideration*, inform the public how best to practice the invention, R. S., Sec. 4888), but to keep his invention secret, and rely upon his common law rights for protection from unfair competition by unscrupulous dealers who stand by until great good will has been acquired and then come and sit without day as unbidden guests. The Court's decision now adds the penalty of loss of good will to the statutory consideration for the grant of a patent.

V.

We believe the Court has misapprehended the action by the Circuit Court of Appeals with respect to the dish trade mark. This Court in its opinion (p. 8) says:

"Fourth: By its 'clarifying' decree, the Circuit Court of Appeals enjoined Kellogg Company from using the picture of the two shredded ~~wheat~~ biscuits in the bowl only in connection with an injunction against manufacturing the pillow-shaped biscuits and the use of the term shredded wheat, on the grounds of unfair competition."

Reference to the opinion of the Circuit Court of Appeals discloses that that Court, while it had intended to enjoin the use of the dish trade mark, felt that there was some doubt as to its expression of that intention in its first opinion. The term having expired, it felt that it was without jurisdiction to change or add to its original mandate and, therefore, expressly declined to issue any injunction against the use of the dish trade mark. We believe, therefore, that the sentence from this Court's opinion quoted above is incorrect.

For these reasons we respectfully urge that this motion for rehearing be granted and that the opinion and judgment of the Court be modified as indicated herein and that the issuance of the mandate of the Court be stayed pending the disposition of this motion and of the rehearing.

Washington, D. C.
December 8th, 1938.

DAVID A. REED,
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CHARLES A. VILAS,
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DRURY W. COOPER,
Of Counsel.

Certificate.

I, CHARLES A. VILAS, of counsel for the respondent herein, hereby certify that in my opinion the foregoing petition for rehearing herein and for a stay of the mandate pending determination thereof is sound in law and that the same is presented in good faith and not for the purpose of delay.

CHARLES A. VILAS.

SUPREME COURT OF THE UNITED STATES.

Nos. 2 and 56.—OCTOBER TERM, 1938.

Kellogg Company, Petitioner,
vs.
 National Biscuit Company.

On Writs of Certiorari to
 the United States Circuit
 Court of Appeals for the
 Third Circuit.

[November 14, 1938.]

Mr. Justice BRANDEIS delivered the opinion of the Court.

This suit was brought in the federal court for Delaware¹ by National Biscuit Company against Kellogg Company to enjoin alleged unfair competition by the manufacture and sale of the breakfast food commonly known as shredded wheat. The competition was alleged to be unfair mainly because Kellogg Company uses, like the plaintiff, the name shredded wheat and, like the plaintiff, produces its biscuit in pillow-shaped form.

Shredded wheat is a product composed of whole wheat which has been boiled, partially dried, then drawn or pressed out into thin shreds, and baked. The shredded wheat biscuit generally known is pillow-shaped in form. It was introduced in 1893 by Henry D. Perky, of Colorado; and he was connected until his death in 1908 with companies formed to make and market the article. Commercial success was not attained until the Natural Food Company built, in 1901, a large factory at Niagara Falls, New York. In 1908, its corporate name was changed to "The Shredded Wheat Company"; and in 1930 its business and goodwill were acquired by National Biscuit Company.

Kellogg Company has been in the business of manufacturing breakfast food cereals since its organization in 1905. For a period commencing in 1912 and ending in 1919 it made a product whose form was somewhat like the product in question, but whose manu-

¹ The federal jurisdiction rests on diversity of citizenship—National Biscuit Company being a New Jersey corporation and Kellogg Company a ~~Michigan~~ Delaware corporation. Most of the issues in the case involve questions of common law and hence are within the scope of *Erie R. R. v. Tompkins*, 304 U. S. 64 (1938). But no claim has been made that the local law is any different from the general law on the subject, and both parties have relied almost entirely on federal precedents.

Delaware

facture was different, the wheat being reduced to a dough before being pressed into shreds. For a short period in 1922 it manufactured the article in question. In 1927, it resumed manufacturing the product. In 1928, the plaintiff sued for alleged unfair competition two dealers in Kellogg shredded wheat biscuits. That suit was discontinued by stipulation in 1930. On June 11, 1932, the present suit was brought. Much evidence was introduced; but the determinative facts are relatively few; and as to most of these there is no conflict.

In 1935, the District Court dismissed the bill. It found that the name "Shredded Wheat" is a term describing alike the product of the plaintiff and of the defendant; and that no passing off or deception had been shown. It held that upon the expiration of the Perky patent No. 548,088 issued October 15, 1895, the name of the patented article passed into the public domain. In 1936, the Circuit Court of Appeals affirmed that decree. Upon rehearing, it vacated, in 1937, its own decree and reversed that of the District Court, with direction "to enter a decree enjoining the defendant from the use of the name 'Shredded Wheat' as its trade name and from advertising or offering for sale its product in the form and shape of plaintiff's biscuit in violation of its trade-mark; and with further directions to order an accounting for damages and profits." In its opinion the court described the trade-mark as "consisting of a dish, containing two biscuits submerged in milk". 91 F. (2d) 150, 152. We denied Kellogg Company's petition for a writ of certiorari, 302 U. S. 733; and denied rehearing, 302 U. S. 777.

On January 5, 1938, the District Court entered its mandate in the exact language of the order of the Circuit Court of Appeals, and issued a permanent injunction. Shortly thereafter National Biscuit Company petitioned the Circuit Court of Appeals to recall its mandate "for purposes of clarification." It alleged that Kellogg Company was insisting, contrary to the court's intention, that the effect of the mandate and writ of injunction was to forbid it from selling its product only when the trade name "Shredded Wheat" is applied to a biscuit in the form and shape of the plaintiff's biscuit and is accompanied by a representation of a dish with biscuits in it; and that it was not enjoined from making its biscuit in the form and shape of the plaintiff's biscuit, nor from calling it "Shredded Wheat," unless at the same time it uses upon its cartons plaintiff's trade-mark consisting of a dish

with two biscuits in it. On May 5, 1938, the Circuit Court of Appeals granted the petition for clarification and directed the District Court to enter a decree enjoining Kellogg Company (96 F. (2d) 873):

"(1) from the use of the name 'SHREDDED WHEAT' as its trade name, (2) from advertising or offering for sale its product in the form and shape of plaintiff's biscuit, and (3) from doing either."

Kellogg Company then filed a petition for a writ of certiorari to review the decree as so clarified, and also sought reconsideration of our denial of its petition for certiorari to review the decree as entered in its original form. In support of these petitions it called to our attention the decision of the British Privy Council in *Canadian Shredded Wheat Co., Ltd. v. Kellogg Company of Canada, Ltd.*, 55 R. P. C. 125, rendered after our denial of the petition for certiorari earlier in the term. We granted both petitions for certiorari.² (304 U. S. —.)

The plaintiff concedes that it does not possess the exclusive right to make shredded wheat. But it claims the exclusive right to the trade name "Shredded Wheat" and the exclusive right to make shredded wheat biscuits pillow-shaped. It charges that the defendant, by using the name and shape, and otherwise, is passing off, or enabling others to pass off, Kellogg goods for those of the plaintiff. Kellogg Company denies that the plaintiff is entitled to the exclusive use of the name or of the pillow-shape; denies any passing off; asserts that it has used every reasonable effort to distinguish its product from that of the plaintiff; and contends that in honestly competing for a part of the market for shredded wheat it is exercising the common right freely to manufacture and sell an article of commerce unprotected by patent.

First. The plaintiff has no exclusive right to the use of the term "Shredded Wheat" as a trade name. For that is the generic term of the article, which describes it with a fair degree of accuracy; and is the term by which the biscuit in pillow-shaped form is generally known by the public. Since the term is generic, the orig-

² Rights here claimed by plaintiff have been involved in much other litigation. See *Natural Food Co. v. Williams*, 30 App. D. C. 348; *Shredded Wheat Co. v. Humphrey Cornell Co.*, 250 Fed. 960 (C. C. A. 2d); *Kellogg Co. v. National Biscuit Co.*, 71 F. (2d) 662 (C. C. A. 2d); *Canadian Shredded Wheat Co., Ltd. v. Kellogg Co. of Canada, Ltd.*, 55 R. P. C. 125; In the Matter of Trade Mark No. 500,761, Registered in the Name of the Shredded Wheat Co., Ltd., in Class 42 (1938) Supreme Court of Judicature, Court of Appeal; also *Natural Food Co. v. Buckley*, No. 28,530, U. S. Dist. Ct., N. Dist. Ill., East. Div. (1908).

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inal maker of the product acquired no exclusive right to use it. As Kellogg Company had the right to make the article, it had, also, the right to use the term by which the public knows it. Compare *Saxlehner v. Wagner*, 216 U. S. 385; *Holzner v. American Composition Co.*, 183 U. S. 1. Ever since 1894 the article has been known to the public as shredded wheat. For many years, there was no attempt to use the term "Shredded Wheat" as a trade-mark. When in 1905 plaintiff's predecessor, ~~National~~ Food Company, applied for registration of the words "Shredded Whole Wheat" as a trade-mark under the so-called "ten year clause" of the Act of February 20, 1905, c. 592, sec. 2, 33 Stat. ~~221~~, William E. Williams gave notice of opposition. Upon the hearing it appeared that Williams had, as early as 1894, built a machine for making shredded wheat, and that he made and sold its product as "Shredded Whole Wheat". The Commissioner of Patents refused registration. The Court of Appeals of the District of Columbia affirmed his decision, holding that "these words accurately and aptly describe an article of food which has been produced for more than ten years. . . ." *Natural Food Co. v. Williams*, 30 App. D. C. 348.³

Moreover, the name "Shredded Wheat", as well as the product, the process and the machinery employed in making it, has been dedicated to the public. The basic patent for the product and for the process of making it, and many other patents for special machinery to be used in making the article, issued to Perky. In those patents the term "shredded" is repeatedly used as descriptive of the product. The basic patent expired October 15, 1912; the others soon after. Since during the life of the patents "Shredded Wheat" was the general designation of the patented product, there passed to the public upon the expiration of the patent, not only the right to make the article as it was made during the patent period, but also the right to apply thereto the name by which it had become known. As was said in *Singer Mfg. Co. v. June Mfg. Co.*, 163 U. S. 169, 185:

"It equally follows from the cessation of the monopoly and the falling of the device into the domain of things public, that along

³ The trade-marks are registered under the Act of 1920. 41 Stat. 533, 15 U. S. C. §§ 121-28 (1924). But it is well settled that registration under it has no effect on the domestic common-law rights of the person whose trade-mark is registered. *Charles Broadway Rouss, Inc. v. Winchester Co.*, 300 Fed. 706, 713, 714 (C. C. A. 2d); *Kellogg Co. v. National Biscuit Co.*, 71 F. (2d) 662, 666 (C. C. A. 2d).

with the public ownership of the device there must also necessarily pass to the public the generic designation of the thing which has arisen during the monopoly.

"To say otherwise would be to hold that, although the public had acquired the device covered by the patent, yet the owner of the patent or the manufacturer of the patented thing had retained the designated name which was essentially necessary to vest the public with the full enjoyment of that which had become theirs by the disappearance of the monopoly."

It is contended that the plaintiff has the exclusive right to the name "Shredded Wheat", because those words acquired the "secondary meaning" of shredded wheat made at Niagara Falls by the plaintiff's predecessor. There is no basis here for applying the doctrine of secondary meaning. The evidence shows only that due to the long period in which the plaintiff or its predecessor was the only manufacturer of the product, many people have come to associate the product, and as a consequence the name by which the product is generally known, with the plaintiff's factory at Niagara Falls. But to establish a trade name in the term "shredded wheat" the plaintiff must show more than a subordinate meaning which applies to it. It must show that the primary significance of the term in the minds of the consuming public is not the product but the producer. This it has not done. The showing which it has made does not entitle it to the exclusive use of the term shredded wheat but merely entitles it to require that the defendant use reasonable care to inform the public of the source of its product.

The plaintiff seems to contend that even if Kellogg Company acquired upon the expiration of the patents the right to use the name shredded wheat, the right was lost by delay. The argument is that Kellogg Company, although the largest producer of breakfast cereals in the country, did not seriously attempt to make shredded wheat, or to challenge plaintiff's right to that name until 1927, and that meanwhile plaintiff's predecessor had expended more than \$17,000,000 in making the name a household word and identifying the product with its manufacture. Those facts are without legal significance. Kellogg Company's right was not one dependent upon diligent exercise. Like every other member of the public, it was, and remained, free to make shredded wheat when it chose to do so; and to call the product by its generic name. The only obligation resting upon Kellogg Company was to identify its own product lest it be mistaken for that of the plaintiff.

Second. The plaintiff has not the exclusive right to sell shredded wheat in the form of a pillow-shaped biscuit—the form in which the article became known to the public. That is the form in which shredded wheat was made under the basic patent. The patented machines used were designed to produce only the pillow-shaped biscuits. And a design patent was taken out to cover the pillow-shaped form.⁴ Hence, upon expiration of the patents the form, as well as the name, was dedicated to the public. As was said in *Singer Mfg. Co. v. June Mfg. Co., supra*, p. 185:

“It is self evident that on the expiration of a patent the monopoly granted by it ceases to exist, and the right to make the thing formerly covered by the patent becomes public property. It is upon this condition that the patent is granted. It follows as a matter of course that on the termination of the patent there passes to the public the right to make the machine in the form in which it was constructed during the patent. We may, therefore, dismiss without further comment the complaint, as to the form in which the defendant made his machines.”

Where an article may be manufactured by all, a particular manufacturer can no more assert exclusive rights in a form in which the public has become accustomed to see the article and which, in the minds of the public, is primarily associated with the article rather than a particular producer, than it can in the case of a name with similar connections in the public mind. Kellogg Company was free to use the pillow-shaped form, subject only to the obligation to identify its product lest it be mistaken for that of the plaintiff.

Third. The question remains whether Kellogg Company in exercising its right to use the name “Shredded Wheat” and the pillow-shaped biscuit, is doing so fairly. Fairness requires that it be done in a manner which reasonably distinguishes its product from that of plaintiff.

Each company sells its biscuits only in cartons. The standard Kellogg carton contains fifteen biscuits; the plaintiff's twelve. The Kellogg cartons are distinctive. They do not resemble those used by the plaintiff either in size, form, or color. And the difference in the labels is striking. The Kellogg cartons bear in bold script the names “Kellogg Whole Wheat Biscuit” or “Kellogg Shredded

⁴ The design patent would have expired by limitations in 1909. In 1908 it was declared invalid by a district judge on the ground that the design had been in public use for more than two years prior to the application for the patent and theretofore had already been dedicated to the public. *Natural Foods Co. v. Bulkley*, No. 28,530, U. S. Dist Ct., N. Dist. Ill., East. Div. (1908).

Whole Wheat Biscuit" so sized and spaced as to strike the eye as being a Kellogg product. It is true that on some of its cartons it had a picture of two shredded wheat biscuits in a bowl of milk which was quite similar to one of the plaintiff's registered trademarks. But the name Kellogg was so prominent on all of the defendant's cartons as to minimize the possibility of confusion.

Some hotels, restaurants, and lunchrooms serve biscuits not in cartons, and guests so served may conceivably suppose that a Kellogg biscuit served is one of the plaintiff's make. But no person familiar with plaintiff's product would be misled. The Kellogg biscuit is about two-thirds the size of plaintiff's; and differs from it in appearance. Moreover, the field in which deception could be practiced is negligibly small. Only $2\frac{1}{2}$ per cent of the Kellogg biscuits are sold to hotels restaurants and lunchrooms. Of those so sold 98 per cent are sold in individual cartons containing two biscuits. These cartons are distinctive and bear prominently the Kellogg name. To put upon the individual biscuit some mark which would identify it as the Kellogg product is not commercially possible. Relatively few biscuits will be removed from the individual cartons before they reach the consumer. The obligation resting upon Kellogg Company is not to insure that every purchaser will know it to be the maker but to use every reasonable means to prevent confusion.

It is urged that all possibility of deception or confusion would be removed if Kellogg Company should refrain from using the name "Shredded Wheat" and adopt some form other than the pillow-shape. But the name and form are integral parts of the goodwill of the article. To share fully in the goodwill, it must use the name and the pillow-shape. And in the goodwill Kellogg Company is as free to share as the plaintiff. Compare *William R. Warner & Co. v. Eli Lilly & Co.*, 265 U. S. 526, 528, 530. Moreover, the pillow-shape must be used for another reason. The evidence is persuasive that this form is functional—that the cost of the biscuit would be increased and its high quality lessened if some other form were substituted for the pillow-shape.

Kellogg Company is undoubtedly sharing in the goodwill of the article known as "Shredded Wheat"; and thus is sharing in a market which was created by the skill and judgment of plaintiff's predecessor and has been widely extended by vast expenditures in advertising persistently made. But that is not unfair. Sharing in the goodwill of an article unprotected by patent or trade-mark

is the exercise of a right possessed by all—and in the free exercise of which the consuming public is deeply interested. There is no evidence of passing off or deception on the part of the Kellogg Company;⁵ and it has taken every reasonable precaution to prevent confusion or the practice of deception in the sale of its product.

Fourth. By its "clarifying" decree, the Circuit Court of Appeals enjoined Kellogg Company from using the picture of the two shredded wheat biscuits in the bowl only in connection with an injunction against manufacturing the pillow-shaped biscuits and the use of the term shredded wheat, on the grounds of unfair competition. The use of this picture was not enjoined on the independent ground of trade-mark infringement. Since the National Biscuit Company did not petition for certiorari, the question whether use of the picture is a violation of that trade-mark although Kellogg Company is free to use the name and the pillow-shaped biscuit is not here for review.

Decrees reversed with direction to dismiss the bill.

Mr. Justice McREYNOLDS and Mr. Justice BUTLER are of opinion that the decree of the Circuit Court of Appeals is correct and should be affirmed. To them it seems sufficiently clear that the Kellogg Company is fraudulently seeking to appropriate to itself the benefits of a goodwill built up at great cost by the respondent and its predecessors.

⁵ Attention is called to the fact that the label on these Kellogg cartons bears, in small letters, the words: "The original has this [W. K. Kellogg's] signature." Objection to their use was not charged in the bill; no such issue was raised at the trial; and the use was not enjoined. Counsel for the Company admitted in the argument before us that its use, common as applied to other Kellogg products, should not have been made on cartons of shredded wheat; and stated that the use had been discontinued long before entry of the "clarifying" decree.

⁶ In its opinion clarifying the mandate, the Circuit Court of Appeals, after considering the provisions concerning the name and the form of the biscuit, said (96 F.2d 875):

"The only remaining question is whether, in view of the fact that the order of April 12, 1937, did not specifically provide for an injunction against the violation of the two-biscuit-in-a-dish trade-mark (although it was intended to do so) we have any jurisdiction to amend the mandate so as to include specifically such a provision. As there may be some doubt on this question we will not amend the mandate so as to provide a specific injunction against the use of the two-biscuit-in-a-dish trade-mark. Its use on a carton or in advertising matter, when the defendant is not permitted to use the word 'Shredded Wheat' as a trade-name or to advertise or sell biscuits in the pillow-shaped form, would manifestly be so improper and so likely to mislead that we will assume that the appellee will not use it."